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PAGE 01 STATE 259742

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TO AMEMBASSY SANTIAGO

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FOR AMB WILLIAM G BOWDLER

FOLLOWING REPEAT BOGOTA 10355 ACTION SECSTATE INFO
CALI MEDELLIN DTD 22 NOV

QTE

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TAGS PINT ECON CO

SUBJ: LOPEZ REVIEW FIRST HUNDRED DAYS

REF BOGOTA 10091

1. BEGIN SUMMARY. PRES LOPEZ IN A NATIONALLY TELEVISED SPEECH
ON NOV 20 REVIEWED HIS ADMIN TO DATE. HE STATED THAT HE WAS SAT-
ISFIED WITH THE FIRST HUNDRED DAYS AND PROMISED COLOMBIA A NEW
SOCIETY WITH CHANGE AFFECTING EVERYTHING FROM THE NATION'S CURRENCY
TO ITS MORALITY. ALTHOUGH MUCH OF WHAT HE SAID HAD BEEN STATED
BEFORE, PARTICULARLY IN HIS REPORT TO CONGRESS ON THE ECONOMIC
EMERGENCY
(REFTEL), SOME NEW SPECIFICS DID EMERGE, PARTICULARLY IN THE
ECONOMIC FIELD. END SUMMARY.

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PAGE 02 STATE 259742

2. THE PRES REAFFIRMED HIS INTENTION TO BRING AOOOT CHANGES IN
COLOMBIA'S SOCIETY. HE SAID THAT THE ELECTION HAD PROVED THAT THE

PEOPLE WANTED CHANGE. HE STATED THAT THE CHANGES EFFECTED BY HIS ADMIN WOULD PROVIDE THE NATION WITH A LONG PERIOD OF TRANQUILITY AND SOCIAL EQUILIBRIUM.

3. LOPEZ POINTED OUT THE ENHANCED ROLE OF WOMEN IN COLOMBIAN PUBLIC LIFE AS PERSONS Elected BY LABOUR MARIA ELENA DE CROVO AND BY THE SIX WOMEN WHO NOW SERVE AS DEPARTMENTAL GOVERNORS. THE PRES SPOKE OF A CLIMATE OF FREEDOM IN COLOMBIA TODAY. HE CITED AS EXAMPLES THE EQUAL FOOTING AFFORDED TO VARIOUS RELIGIONS (ON THE SAME EVENING THE CONGRESS FINISHED RATIFICATION OF THE NEW CONCORDAT WITH THE HOLY SEE), AND OF THE LEGAL STATUS HIS ADMIN HAD AFFORDED THE CSTC, THE COMMUNIST LAB ORG.

4. IN REGARD TO THE UNIVERSITIES, LOPEZ SPOKE OF A NEW ATMOSPHERE AND POINTED OUT THE PRESENT ABSENCE OF MIL PATROLS AT THE NATIONAL UNIV. HE REFUTED THE ASSERTIONS OF SOME CRITICS WHO CLAIM THAT THE UNIVERSITIES HAD FALLEN INTO THE HANDS OF EXTREMISTS. LIBERTY, HE SAID, CONSISTS OF TOLERATING OPINIONS DISTINCT FROM ONE'S OWN.

5. THE PRES STATED THAT HE HAD FULFILLED HIS PLEDGE TO HONOR THE PARITY PROVISION OF THE CONSTITUTION, UNDER WHICH THE CONSERVATIVE PARTY IS ENTITLED TO HALF OF ALL APPOINTIVE GOVT POSITIONS DURING THE 74-78 PERIOD.

6. LOPEZ BRIEFLY REVIEWED IN FAMILIAR TERMS STEPS TAKEN DURING ECONOMIC EMERGENCY SUCH AS REDUCTIONS IN GOVT EXPENDITURES, REVISION OF TAX LAWS AND MODIFICATIONS TO SAVINGS INSTRUMENTS (UPAC, ETC), JUSTIFYING THESE MEASURES IN TERMS OF PROMOTING SOCIAL PROGRESS, CURBING INFLATION AND GENERATING REVENUES TO MEET MASSIVE DEFICITS AND OBLIGATIONS LEFT BY THE PASTRANA ADMIN. MORE SIGNIFICANT COMMENTS CONCERNED PRICES, COFFEE, NATURAL RESOURCES AND EXPORTS.

7. DESCRIBING THE SITUATION AS A MINE FIELD, LOPEZ POINTED OUT THAT HE WAS PRESENTED WITH A FAIT ACCOMPLI ON ENTERING OFFICE IN THAT PRICE INCREASES FOR MANY ITEMS HAD BEEN AUTHORIZED SHORTLY PRIOR TO AUG 7, INCLUDING SEVERAL INCREASES PUT INTO EFFECT ON AUG 6. ON THE OTHER HAND, HE STATED THAT PRICES SET LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 03 STATE 259742

AT ARTIFICIALLY LOW LEVELS, AS HAD BEEN THE CASE WITH MILK PURCHASED BY THE GOVT AND TIRES FOR TRUCKS AND BUSES, INEVITABLY LED TO SHORTAGES AS PRODUCERS CONCENTRATED ON MORE PROFITABLE LINES. (COMMENT: LOPEZ APPEARS TO HAVE BACKED AWAY FROM PRICE CONTROL AS A MAJOR ANTI INFLATIONARY TOOL AND TO HAVE LEFT THE DOOR OPEN TO FURTHER PRICE INCREASES, PARTICULARLY IN SITUATIONS OF SHORT SUPPLY.)

8. IN RESPONSE TO CRITICISMS THAT THE GOVT HAD SOLD OUT TO FOREIGN INTERESTS IN THE GUAJIRA NATURAL GAS (TEXACO) AND CERROMATOSO

NICKEL (HANNAH) DEALS, LOPEZ STRESSED THAT CONTRACTS WERE FULLY CONSISTENT WITH COLOMBIAN LAWS AND PRACTICES AND HAD BEEN THE SUBJECT OF CAREFUL STUDY. HE NOTED HIS CAMPAIGN PROMISE TO MOVE FORWARD WITH CERROMATOSO AND ADDED THAT CHANGES IN THE NATURAL GAS LAW WERE A RESULT OF PRESSURE FROM ECOPETROL RATHER THAN TEXACO. HE CONCLUDED THAT BOTH PROJECTS WERE IN THE BEST INTERESTS OF THE COUNTRY.

9. LOPEZ DESCRIBED PROSPECTS FOR COFFEE AS THE "BRIGHTEST IN YEARS," DUE IN LARGE PART TO VENEZUELAN FINANCING SCHEME RESULTING FROM JOINT COLOMBIAN/MEXICAN/VENEZUELAN EFFORTS. (COMMENT: LOPEZ' OPTIMISTIC EVAL OF COFFEE PROSPECTS IS CONTRARY TO EARLIER GOC PREDICTIONS OF A SIGNIFICANT DECREASE IN COFFEE EARNINGS.)

10. LOPEZ REPORTED THAT 85 PERCENT OF THE NON-TRADITIONAL EXPORTS WERE HOLDING THEIR OWN IN WORLD MARKETS IN SPITE OF THE ELIMINATION OR REDUCTION OF THE CAT (WHICH HE TERMED AS OBSOLETE INCENTIVE.) HE PROMISED TO MAINTAIN THE COMPETITIVENESS OF THESE EXPORTS THROUGH OTHER INCENTIVES SUCH AS IMPROVED FINANCING AND ASSISTANCE WITH FREIGHT COSTS.

11. COMMENT: INITIAL REACTION TO THE SPEECH, BOTH IN THE PRESS AND AMONG THE GENERAL PUBLIC HAS BEEN FAVORABLE. LOPEZ, PROBABLY INEVITABLY, LOST SOME SUPPORT AFTER HE LAUNCHED HIS FIRST MAJOR PACKAGE OF PROGRAMS. AS THE ADMIN MOVES TO REFINE AND IMPLEMENT THOSE PROGRAMS, LOPEZ' LEVEL OF SUPPORT APPEARS TO HAVE STABILIZED AND POSSIBLY TO HAVE IMPROVED. GIVEN THE TRADITIONAL CHARACTER OF COLOMBIAN SOCIETY, THE PRES HAS REASON TO BE SATISFIED WITH THE CHANGES THAT HIS ADMIN HAS BROUGHT ABOUT DURING HIS FIRST HUNDRED DAYS IN OFFICE. SOME OF THE EFFECTS, PARTICULARLY THOSE THAT WILL RESULT FROM THE REVISED INCOME AND INHERITANCE TAX
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SCHEDULES WILL BECOME MORE APPARENT WITH THE PASSAGE OF TIME. OTHERS, SUCH AS THE UPDATING OF WOMEN'S POSITION IN COLOMBIAN SOCIETY WILL HAVE MORE IMMEDIATE IMPACT. LOPEZ DESCRIBED THE ECONOMY AS BASICALLY SOUND, AND SPOKE OPTIMISTICALLY OF FUTURE ECONOMIC PROSPECTS. WE TEND TO AGREE WITH HIS EVAL. THERE REMAINS, HOWEVER, A GREAT DEAL TO BE DONE IN PUTTING TOGETHER A COHERENT PACKAGE THAT WILL STIMULATE BALANCED GROWTH IN THE EXPORT, AGRICULTURAL AND MANUFACTURING SECTORS WITHOUT CONTRIBUTING TO THE INFLATIONARY SPIRAL. WHITE UNQTE INGERSOLL

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